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The MARKET NEWS SERVICE on Dairy Products

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U.S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
MARKETING BULLETIN NO. 63

The MARKET NEWS SERVICE on Dairy Products

WHAT IT IS

Dairy market news is a service provided by the U.S. Department of Agriculture and cooperating State agencies. The purpose is to provide dairy farmers and their cooperatives, processors, buyers and sellers of dairy products, and others with information which will help in making buying and selling decisions and future planning.

WHAT IT COVERS

Dairy market news covers markets for dairy products of commercial significance. These include butter, various kinds of cheese, evaporated and dry milk products, and fluid milk and cream. The kinds of market data gathered are determined by industry needs and by the willingness of industry members to voluntarily provide the necessary information. Dairy market news also includes related information such as Commodity Credit Corporation (CCC) purchases, sales, and inventories; purchase contract awards on dairy products by USDA's Agricultural Stabilization and Conservation Service (ASCS); import information; and USDA releases on milk and dairy product production, marketings, stocks, and prices. Dairy market news strives to bring together the key information that makes up and affects the market.

Market news covers major production and consuming areas. Coverage in production areas includes information from producers (and cooperatives who do the marketing for their producer-members), manufacturers and processors, country buyers, and other shipping point marketers. Coverage at major consuming

centers, for the most part, reflects selling and buying actions of volume traders, who usually initiate independent marketing decisions. These include large dairy and food processors, brokers, distributors, retail chains, and other institutional buyers.

Market news usually includes the following:

- Prices paid during the trading period according to product, grade, and other descriptions, and indications of price changes from the preceding reporting period. Price ranges reported are not intended to represent total activity in a market. Some sales may be higher or lower than prices reported but the price range represents the major trading occurring among active buyers and sellers during the period covered.
- Supply and demand conditions as reflected by receipts and stocks on hand, volumes reported bought and sold, expressed willingness to buy or sell, and other trading activity.
- Relationship of supply and demand to current pricing activity.
- Other information known to have a bearing on the current market situation.

HOW IT IS COLLECTED

Market news reporters obtain information by telephone, teletype network, and mail. They use the telephone most extensively in reaching buyers and sellers who are widely scattered.

When necessary, reporters cross-check their information with buyers or sellers, excluding questionable information which cannot be verified to their satisfaction. They try to obtain information on volume as well as price of actual trades, as a means of measuring the volume moved, appraising the adequacy of coverage, and properly evaluating prices and trends. However, precise volumes are not always obtainable.

Professionally trained reporters then analyze and evaluate information received from all sources. Market news offices are connected by a teletype network that enables them to exchange information and make comparisons between markets within minutes.

Market news information is carried by wire services and by newspapers, radio, and televi-

sion. Information is also available by phone from market news reporters. Some information is provided around the clock by recorded telephone messages. A weekly published report includes all data gathered during the week.

KINDS OF MARKET NEWS AVAILABLE

Butter Information

Butter supplies and prices are of interest not only to those who buy and sell butter and cream but also to many other persons in the dairy industry. Milk supplies are diverted to butter when no other outlets are available. It is the residual use for milk in many areas. Therefore, butter supplies and price trends have served as important measures in appraising overall supply-demand conditions in the dairy industry.

Market news on butter includes bulk and packaged butter and weekly butter production reports by USDA's Statistical Reporting Service (SRS) showing estimated volumes and percentage changes from previous comparable periods.

Cheese Information

Most market news on cheese covers prices and market conditions for a wide variety of types, styles, and degrees of cure. The New York area data on imported cheeses are widely used throughout the United States and abroad. The Wisconsin assembling points price is widely followed by the cheese industry in appraising changes in the supply-demand conditions for cheese. SRS's weekly cheese production reports showing estimated volumes and percentage changes from previous comparable periods are included in cheese market news.

Exchange Information

Dairy market news includes trading activity and prices established for cheese each Friday on the National Cheese Exchange at Green Bay, Wisconsin, and for butter on the Chicago

and New York Mercantile Exchanges. The National Cheese Exchange, the spot butter markets of the Chicago Mercantile Exchange and, to a lesser extent, the New York Mercantile Exchange, are used by those in the cheese and butter industries as a marketplace where they may register opinions as to changes in the value of cheese and butter through the process of trading.

The prices arrived at on the National Cheese Exchange and the spot butter market of the Chicago Mercantile Exchange on Friday provide the basis for nearly all transactions in Cheddar cheese and butter during the following week. Large cheese assemblers and butter receivers settle with their suppliers (cheese factories and butter plants) and with their customers on the basis of the prices resulting from trading on these Exchanges, plus or minus certain differentials. To a very considerable extent, changes in the prices on the Exchanges are reflected in the price of cheese and butter sold at other trading levels throughout the Nation.

Fluid Milk and Cream Information

Milk and cream market news generally covers marketings, supply-demand, and prices for fluid milk and cream for several areas of the country. Class I prices announced by cooperatives are also covered.

Market news on milk and cream includes information from administrators of Federal milk marketing orders on minimum class prices, producer prices, milk marketings, and related Federal milk order data. Federal milk marketing orders cover nearly two-thirds of the total U.S. milk marketings and approximately 75 percent of the milk sold in packaged fluid milk products. Trends in Class I sales and minimum Class I prices paid by milk handlers under Federal orders are extremely useful data in appraising overall supply and demand conditions for fluid milk products.

In Federal milk orders, prices for milk used for Class I packaged fluid milk products and, in most orders, prices for milk used in manufactured products are based on the Minnesota-Wisconsin price—average price paid to producers for manufacturing grade milk, f.o.b. plants in Minnesota and Wisconsin. The Minnesota-

Wisconsin price is also included in dairy market news (see page 9).

Concentrated Milk and Dry Milk Information

Market news on concentrated milk products includes evaporated milk and condensed skim milk. Processed dry milk product reports include nonfat dry milk, dried buttermilk, dry whole milk, whey powder, and several dry milk products for animal feed. National casein data are widely used in the United States and foreign countries. The Central States nonfat dry milk prices, like the Chicago butter price and the Wisconsin assembling points cheese price, have importance which exceeds their application to the specific manufactured commodities involved. Price trends in these products often are used by plant operators in arriving at decisions as to payments to be made to producers for milk for manufacturing.

Cold Storage Information

Market news includes weekly information on cold storage holdings of butter and Cheddar cheese at a special group of country points and major city warehouses throughout the country. This information is used to relate the trend expected in the SRS monthly report, *Estimated U.S. Cold Storage Holdings*.

HOW TO GET MARKET NEWS

Dairy market news offices in Madison, Wis., Philadelphia, Pa., and St. Paul, Minn., collect and exchange daily, weekly, and monthly market information. USDA's teletype network carries the information which is used by wire services, newspapers, radio and television.

Although no printed reports are issued on a daily basis, information is available by telephone from any of the three market news offices. The following section, **Information and Issuing Offices,** lists the dairy market news these offices collect, tells which office gathers specific information, and indicates the day of the week that the information is available by

phone. Telephone information is usually available after 1 p.m. local time of the issuing office.

Recorded telephone messages also offer dairy market news around the clock. Write or telephone the office nearest you for the schedule of data available on their automatic phone system.

A detailed weekly market news report containing all market information gathered during the week is printed and mailed every Friday from Madison. If you wish to receive this mailed report, write directly to the Madison office.

The addresses and telephone numbers of the Federal-State Market News offices are:

Madison, WI 53713
801 West Badger Road
(608) 252-5280

Philadelphia, PA 19106
2nd & Chestnut Streets
Room 604-C
(215) 597-8101

St. Paul, MN 55101
Federal Courts Building
316 North Robert Street
Room 643
(612) 725-7867

Automatic telephone answering device numbers are:

Madison	(608) 266-0706
New York	(212) 683-3780
Chicago	(312) 263-3148

INFORMATION AND ISSUING OFFICES

Listed below are: 1) information available, 2) the issuing office, and 3) the days information is available.

Butter Information

Chicago Mercantile Exchange
Madison Friday

New York Mercantile Exchange
Philadelphia Friday

Chicago Wholesale Selling Prices
Madison Tuesday, Thursday, Friday

New York Wholesale Selling Prices
Philadelphia Tuesday, Thursday, Friday

West Coast Bulk Butter
St. Paul Friday

Eastern Area Print Butter
Philadelphia Tuesday

West Coast Print Butter
St. Paul Monday

Cheese Information

Eastern Area
Philadelphia Tuesday

Midwestern Area
Madison Wednesday

West Coast Area
St. Paul Wednesday

Chicago Foreign Type
Madison Tuesday

New York Foreign Type
Philadelphia Tuesday

San Francisco Foreign Type
St. Paul Tuesday

National Cheese Exchange
Madison Friday

Fluid Milk and Cream Information

Central States Area
Madison Thursday

Southern Area
Philadelphia Thursday

Eastern Area
Philadelphia Thursday

West Coast Area
St. Paul Wednesday

Boston Equivalent Cream Price
Philadelphia Tuesday

New York-New Jersey Change Delivery/Day
Philadelphia Friday

Concentrated and Dry Milk Information

Chicago Nonfat Dry Milk
Central States Nonfat Dry Milk
Central States Whey
Central States Animal Feed
Central States Lactose
Central States Buttermilk
West Coast Nonfat Dry Milk
West Coast Whey
St. Paul Thursday

California Weighted Average Nonfat Dry Milk
St. Paul Friday

Eastern Nonfat Dry Milk
Eastern Buttermilk Powder
Eastern Whole Milk Powder
Eastern Whey Powder
Eastern Animal Feed—Nonfat Dry Milk and Whey
Eastern Lactose
National Evaporated Milk
National Casein
Philadelphia Friday

Related Information

The following information is available from all offices on the days or dates indicated.

CCC Purchase and Sales	**Daily**
CCC Uncommitted Inventory	**Wednesday**
Weekly Cold Storage Holdings (Selected Centers)	**Monday**
Butter Production, SRS	**Tuesday**
Cheese Production, SRS	**Tuesday**
Defense Personnel Support Center Purchases	**Daily**
Federal Milk Marketing Order Price and Pool Data: Minimum Class Prices—Preceding, Current, and Succeeding Month	**About the 5th**
Federal Milk Marketing Order Price and Pool Data: Producer Prices, Producer Deliveries, Class I Sales, etc.	**About the 15th**
Cold Storage, SRS	**About the 18th**
Cheese Import Quota Information	**About the 18th**

ASCS Purchase Contract Awards **Daily**

Minnesota-Wisconsin Manufacturing Milk Price, SRS **About the 5th**

Class I Prices Announced by Cooperatives, Selected Cities **About the 20th**

GLOSSARY OF TERMS USED IN FEDERAL-STATE MARKET NEWS REPORTS

MARKET—A term with several meanings:
A geographic location where a commodity is traded.
The price, or price level, at which a commodity is traded.
To sell (verb).

MARKET ACTIVITY—The pace at which sales are being made.

active—Available supplies (offerings) are readily clearing the market.

moderate—Available supplies (offerings) are clearing the market at a reasonable rate.

slow—Available supplies (offerings) are not readily clearing the market.

inactive—Sales are intermittent with few buyers or sellers.

PRICE TREND—Refers to the direction that prices are moving in relation to trading in the previous reporting period(s).

higher—The majority of sales are at prices measurably higher than the previous trading session.

firm—Prices are tending higher, but not measurably so.

steady—Prices are unchanged from previous trading session.

weak—Prices are tending lower, but not measurably so.

lower—Prices for most sales are measurably lower than the previous trading session.

SUPPLY/OFFERING—The quantity of a particular item available for current trading.

heavy—When the volume of supplies is above average for the market being reported. Offerings are more than sufficient to meet buyer needs.

moderate—When the volume of supplies is average for the market being reported. Offerings are sufficient to meet buyer needs.
light—When the volume of supplies is below average for the market being reported. Offerings are insufficient to meet buyer needs.
DEMAND—The desire to possess a commodity coupled with the willingness and ability to pay.
very good—Offerings or supplies are rapidly absorbed.
good—Firm confidence on the part of buyers that general market conditions are good. Trading is more active than normal.
moderate—Average buyer interest and trading.
light—Demand is below average.
very light—Few buyers are interested in trading.
MOSTLY—The majority of sales or volume.
UNDERTONE—Situation or sense of direction in an unsettled market situation.

EXCHANGE TERMS

These terms are used in spot (current) trading on butter and cheese exchanges.
BID—Willingness to buy at a stated price.
OFFER—Willingness to sell at a stated price.

A general understanding exists as to how the trading is interpreted on the Exchanges. The last sale is considered to represent the market for the coming week except that a subsequent bid higher than the last sale, or a subsequent offer lower than the last sale, is considered indicative of the market. In the absence of any sales, offers, or bids, the market is considered to be unchanged.

All AMS services are available without regard to race, color, creed, sex, or national origin. If you know of any violations of this principle, send details to the Secretary of Agriculture, Washington, D.C. 20250.

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